



**Health Services**  
LOS ANGELES COUNTY

Los Angeles County  
Board of Supervisors

**Gloria Molina**  
First District

**Yvonne B. Burke**  
Second District

**Zev Yaroslavsky**  
Third District

**Don Knabe**  
Fourth District

**Michael D. Antonovich**  
Fifth District

September 26, 2006

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Supervisors:

**FISCAL YEAR 2005-06 YEAR-END BUDGET ADJUSTMENT**  
(All Districts) (4 Votes)

**IT IS RECOMMENDED THAT YOUR BOARD:**

1. Approve the attached Fiscal Year (FY) 2005-06 Year-End Budget Adjustment (BA) (Attachment I-A through I-B)) for the Department of Health Services (DHS) to increase the designation balance, as of June 30, 2006, to \$258.9 million.
2. Approve the attached FY 2005-06 BA (Attachment II-A through II-B) to reallocate and adjust the appropriation and revenue related to the Personal Assistance Services Council-Service Employees International Union (PASC-SEIU), In-Home Supportive Services (IHSS) Health Care Plan.
3. Approve the attached FY 2005-06 BA (Attachment III-A through III-B) to realign the available funding for the Measure B Special Revenue Fund and the Health Services Proposition 36 Special Revenue Fund.

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTIONS:**

The Board's approval of these BA's (Attachments I-A through III-B) for FY 2005-06 will:

1. Increase the DHS designation fund balance, as of June 30, 2006, to \$258.9 million in the designation, comprised of a \$250.5 million FY 2005-06 operating surplus (Attachment IV) and the existing \$8.4 million designation balance from prior fiscal years. Also, reallocate certain appropriations and revenues within DHS to align them with the Department's FY 2005-06 final experience.

**Bruce A. Chernof, MD**  
Director and Chief Medical Officer

**John R. Cochran III**  
Chief Deputy Director

**William Loos, MD**  
Acting Senior Medical Officer

13 N. Figueroa Street, Suite 912  
Los Angeles, CA 90012

Tel: (213) 240-8101  
Fax: (213) 481-0503

[www.ladhs.org](http://www.ladhs.org)

*To improve health  
through leadership,  
service and education.*



[www.ladhs.org](http://www.ladhs.org)

2. Align DHS appropriations and revenues related to the PASC-SEIU IHSS Health Care Plan with FY 2005-06 final experience, and increase the transfer of funding to DPSS by \$0.1 million resulting from higher than expected operating activity.
3. Align appropriations and revenues within the Measure B Special Revenue Fund and the Health Services Proposition 36 Special Revenue Fund in accordance with FY 2005-06 final experience.

FISCAL IMPACT/FINANCING:

The recommended actions adjust the various Departmental budgets to reflect DHS' actual financial experience for FY 2005-06. It also increases the designation balance to \$258.9 million, as of June 30, 2006. (See Attachment IV for the components of the \$258.9 million surplus.)

(Note: The \$258.9 million designation balance varies from our DHS Fiscal Outlook Update and Deficit report dated September 20, 2006 due to the fact that \$125.0 million of additional County contribution is maintained in a separate designation account in the County general fund.)

Per Medi-Cal Redesign, any hospital that ends the fiscal year with a positive fund balance must retain the funds for their future use. Of the amount being placed in designation, \$18.5 million was associated with Rancho Los Amigos National Rehabilitation Center (Rancho) and is being placed in a separate designation for Rancho. The \$18.5 million will be used to fund Rancho's FY 2006-07 operations.

On December 2, 2003, your Board approved Auditor-Controller recommended guidelines for monitoring the LAC+USC Medical Center Accumulative Capital Outlay (ACO) Fund established in FY 1998-99 for the purpose of purchasing new equipment for the LAC+USC Medical Center Replacement Project. In accordance with those guidelines, we are reporting that \$113.1 million resides in the Provisional Financing Uses of the ACO fund as of June 30, 2006. This includes \$4.2 million in interest that was earned on the balance in FY 2005-06 and \$0.2 million in parking fees. No expenditures have been made to date from the ACO fund, and no encumbrances have been established. On August 22, 2006, your Board approved an itemized equipment list for the LAC+USC Medical Center Replacement Project totaling \$107.2 million planned for acquisition in FY 2006-07 and 2007-08.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

Not applicable.

CONTRACTING PROCESS:

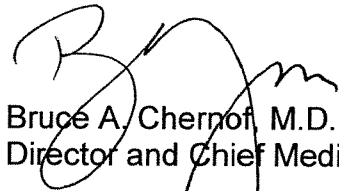
Not applicable.

IMPACT ON CURRENT SERVICES (OR PROJECTS):

This Year-End BA has no impact on current services.

When approved, this Department requires three signed copies of the Board's action.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'B. Chernof', is written over the printed name and title.

Bruce A. Chernof, M.D.  
Director and Chief Medical Officer

BAC:mm

Attachments (4)

c: Chief Administrative Officer  
County Counsel  
Executive Officer, Board of Supervisors  
Auditor-Controller

## COUNTY OF LOS ANGELES

## REQUEST FOR APPROPRIATION ADJUSTMENT

DEPT'S. No. \_\_\_\_\_

DEPARTMENT OF Health ServicesDATE 08/24/2006

AUDITOR CONTROLLER.

THE FOLLOWING APPROPRIATION ADJUSTMENT IS DEEMED NECESSARY BY THIS DEPARTMENT. WILL YOU PLEASE REPORT AS TO ACCOUNTING AND AVAILABLE BALANCES AND FORWARD TO THE CHIEF ADMINISTRATIVE OFFICER FOR HIS RECOMMENDATION OR ACTION.

## ADJUSTMENT REQUESTED AND REASONS THEREFOR

BUDGET ADJUSTMENT  
FISCAL YEAR 2005-06  
4-VOTE

Please see the attached for details.

## JUSTIFICATION:

This budget adjustment is necessary to increase the DHS Enterprise Fund designation for future use to \$258.2<sup>3 mm</sup> million and realign certain appropriations and revenues within DHS in accordance with the FY 2005-06 final experience.

EM:mm  
08/24/06

*MRHA*  
Efrain Muñoz, Chief  
DHS-Controller's Division

## CHIEF ADMINISTRATIVE OFFICER'S REPORT

REFERRED TO THE CHIEF  
ADMINISTRATIVE OFFICER  
FOR:

☐ ACTION☒ RECOMMENDATIONAPPROVED AS REQUESTED ☒ AS REVISED ☐9/14/06

*[Signature]*  
CHIEF ADMINISTRATIVE OFFICER

APPROVED (AS REVISED):  
BOARD OF SUPERVISORS

AUDITOR-CONTROLLER No.

902 A-I

BY:

*[Signature]*  
Sept. 14, 2006

BY:

DEPUTY COUNTY CLERK

SEND 6 COPIES TO THE AUDITOR-CONTROLLER

**DEPARTMENT OF HEALTH SERVICES**  
**YEAR-END BUDGET ADJUSTMENT**  
**FISCAL YEAR 2005-06**

**4-VOTE**

**SOURCES:**

**LAC+USC Healthcare Network**

MN4-HG-60010-6100  
Other Financing Uses 99,892,000

Total LAC+USC Healthcare Network \$ 99,892,000

**Coastal Area (H/UCLA Medical Center)**

MN1-HH-60020-6100  
Other Financing Uses 25,312,000

Total Coastal Area \$ 25,312,000

**Southwest Area (MLK/D Medical Center)**

MN5-HK-60030-6100  
Other Financing Uses 51,451,000

MN5-HK-60030-9910  
Operating Transfers In - Measure B 10,596,000

Total Southwest Area \$ 62,047,000

**Rancho Los Amigos Medical Center**

MN7-HR-60040-6100  
Other Financing Uses 34,924,000

MN7-HR-60040-9307  
CBRC 15,444,000

Total Rancho Los Amigos \$ 50,368,000

**Valley Care Network (San Fernando Area & Antelope Valley Area)**

MN3-HO-60050-9911  
Operating Transfer In 15,780,000

Total Valley Care Network \$ 15,780,000

**DHS Enterprise Fund**

MN2-HS-60070-6100  
Other Financing Uses 196,297,000

MN2-HS-60070-9912  
Operating Subsidy 54,241,000

Total DHS Enterprise Fund \$ 250,538,000

**Total Enterprise Fund** \$ 503,937,000

**USES:**

**LAC+USC Healthcare Network**

MN4-HG-60010-9910  
Operating Transfers In - Measure B 5,878,000

MN4-HG-60010-9911  
Operating Transfer In 94,014,000

\$ 99,892,000

**Coastal Area**

MN1-HH-60020-9910  
Operating Transfers In - Measure B 1,213,000

MN1-HH-60020-9911  
Operating Transfer In 24,099,000

\$ 25,312,000

**Southwest Area**

MN5-HK-60030-9911  
Operating Trans In 62,047,000

\$ 62,047,000

**Rancho Los Amigos Medical Center**

MN7-HR-60040-9911  
Operating Transfer In 31,917,000

MN7-HR-60040-9912  
Operating Subsidy 18,451,000

\$ 50,368,000

**Valley Care Network**

MN3-HO-60050-9910  
Operating Transfers In - Measure B \$ 3,503,000

MN3-HO-60050-2000  
Services and Supplies 10,120,000

MN3-HO-60050-5500  
Other Charges 2,157,000

\$ 15,780,000

**DHS Enterprise Fund**

MN2-HS-60070-3078  
Designation for DHS \$ 232,087,000

MN2-HS-60070-3081  
Designation for DHS Rancho \$ 18,451,000

\$ 250,538,000

\$ 503,937,000

**DEPARTMENT OF HEALTH SERVICES  
YEAR-END BUDGET ADJUSTMENT  
FISCAL YEAR 2005-06**

**4-VOTE**

**SOURCES:**

**AIDS**

AO1-HS-25770-2000  
Services and Supplies 553,000

**Public Health Services**

AO1-HS-23450-2000  
Services and Supplies 12,392,000

**General Fund Health Care**

AO1-HS-19998-5500  
Other Charges 211,579,000

**Health Services Administration**

AO1-HS-20000-2000  
Services and Supplies 13,572,000

**Juvenile Court Health Services**

AO1-HS-20600-1000  
Salaries and Employee Benefits \$ 2,000,000

AO1-HS-20600-2000  
Service & Supplies 1,158,000

**Health Services - Realignment**

AO1-HS-19999-8899  
Sales Tax \$ 457,000

**Non-Departmental Revenue (VLF)**

AO1-ND-10591-8716  
State Vehicle License Fee - AB 1288 \$ 5,183,000

**Refurbishments - Various Facilities**

AO1-CP-86775-6014  
Fixed Assets - Building & Improv. 177,000

**H/UCLA Surgery Emergency Room**

AO1-CP-77176-6014  
Fixed Assets - Building & Improv. 306,000

**El Monte CHC Seismic Retro**

AO1-CP-86505-6014  
Fixed Assets - Building & Improv. 131,000

**Central HC Seismic Retro**

AO1-CP-86509-6014  
Fixed Assets - Building & Improv. 96,000

**Hudson CHC Seismic Retro**

AO1-CP-86514-6014  
Fixed Assets - Building & Improv. 33,000

**USES:**

**AIDS**

AO1-HS-25770-1000  
Salaries & Employee Benefits 51,000

**Alcohol & Drug**

AO1-HS-20400-2000  
Services and Supplies \$ 4,000

**Children's Medical Services**

AO1-HS-25740-2000  
Services and Supplies 1,361,000

**General Fund Health Care**

AO1-HS-19998-9299  
Oth Fin Srce-Gen Fd Hlt Care 211,579,000

**Office of Managed Care**

AO1-HS-19975-9426  
CHP - Medi-Cal \$ 218,000

**DEPARTMENT OF HEALTH SERVICES**  
**YEAR-END BUDGET ADJUSTMENT**  
**FISCAL YEAR 2005-06**

**4-VOTE**

**SOURCES:**

**USES:**

**H/UCLA Refurb Parlow Library**

AO1-CP-86516-6014

Fixed Assets - Building & Improv. 119,000

**Central HC X-Ray Space**

AO1-CP-86571-6014

Fixed Assets - Building & Improv. 243,000

**HHH Hot Water Pipe Replacement**

AO1-CP-86637-6014

Fixed Assets - Building & Improv. 460,000

**El Monte Pharmacy Renovation**

AO1-CP-86701-6014

Fixed Assets - Building & Improv. 400,000

**H/UCLA Cath Lab**

AO1-CP-86728-6014

Fixed Assets - Building & Improv. 129,000

**OVMC Cath Lab**

AO1-CP-86729-6014

Fixed Assets - Building & Improv. 15,000

**General Fund Subsidy - (RLA)**

AO1-AC-21230-6100

Operating Transfers Out \$ 18,451,000

**General Fund Subsidy - (DHS Enterprise Fund)**

AO1-AC-21236-6100

Operating Transfers Out \$ 54,241,000

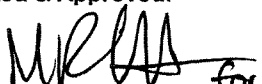
**Total General Fund** \$ 267,454,000

\$ 267,454,000

**Total Department** \$ 771,391,000

\$ 771,391,000

**Noted & Approved:**

 **for EM**

**Efrain Munoz, Chief, Contoller's Division**  
**Department of Health Services**

8/24/2006

## COUNTY OF LOS ANGELES

## REQUEST FOR APPROPRIATION ADJUSTMENT

DEPT'S. No. \_\_\_\_\_

DEPARTMENT OF Health ServicesDATE 08/24/2006

## AUDITOR CONTROLLER.

THE FOLLOWING APPROPRIATION ADJUSTMENT IS DEEMED NECESSARY BY THIS DEPARTMENT. WILL YOU PLEASE REPORT AS TO ACCOUNTING AND AVAILABLE BALANCES AND FORWARD TO THE CHIEF ADMINISTRATIVE OFFICER FOR HIS RECOMMENDATION OR ACTION.

## ADJUSTMENT REQUESTED AND REASONS THEREFOR

BUDGET ADJUSTMENT  
FISCAL YEAR 2005-06  
4-VOTE

Please see the attached for details.

## JUSTIFICATION:

This budget adjustment is necessary to reallocate appropriation and revenue within the Department of Health Services (DHS) specifically related to the Personal Assistance Services Council-Services Employees International Union (PASC-SEIU) In-Home Support Services (IHSS) Health Care Plan and to transfer \$0.126 million of additional funding to the Department of Public Social Services (DPSS) in accordance with the FY 2005-06 final experience.

EM:mm  
08/24/06

*MRA* *for EM*  
Efrain Muñoz, Chief  
DHS-Controller's Division

## CHIEF ADMINISTRATIVE OFFICER'S REPORT

REFERRED TO THE CHIEF  
ADMINISTRATIVE OFFICER  
FOR:☐ ACTION☒ RECOMMENDATIONAPPROVED AS REQUESTED ☒ AS REVISED ☐9/14/06

*D Jensen*  
CHIEF ADMINISTRATIVE OFFICER

APPROVED (AS REVISED):  
BOARD OF SUPERVISORS

AUDITOR-CONTROLLER No.

441BY: *Condon*Sept. 14, 2006

BY: \_\_\_\_\_

DEPUTY COUNTY CLERK

SEND 6 COPIES TO THE AUDITOR-CONTROLLER



**DEPARTMENT OF HEALTH SERVICES**  
**IHSS HEALTH BENEFITS PROGRAM**  
**FISCAL YEAR 2005-06**

**4-VOTE**

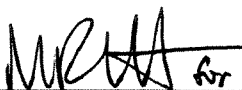
**SOURCES:**

<b>LAC+USC Healthcare Network</b>	
MN4-HG-60010-942A	
CHP IHSS Revenue	\$65,000
Total LAC+USC Healthcare Network	<u>\$ 65,000</u>
<b>Coastal Network</b>	
MN1-HH-60020-9912	
Operating Subsidy	\$ 25,000
Total Coastal Network	<u>\$ 25,000</u>
<b>Southwest Network</b>	
MN5-HK-60030-942A	
CHP IHSS Revenue	\$2,000
Total Southwest Network	<u>\$ 2,000</u>
<b>Valley Care Network</b>	
MN3-HO-60050-942A	
CHP IHSS Revenue	\$97,000
Total Valley Care Network	<u>\$ 97,000</u>
<b>Total Enterprise Funds</b>	<u><b>\$ 189,000</b></u>

**USES:**

<b>LAC+USC Healthcare Network</b>	
MN4-HG-60010-9912	
Operating Subsidy	\$ 65,000
	<u>\$ 65,000</u>
<b>Coastal Network</b>	
MN1-HH-60020-942A	
CHP IHSS Revenue	\$ 25,000
	<u>\$ 25,000</u>
<b>Southwest Network</b>	
MN5-HK-60030-9912	
Operating Subsidy	\$ 2,000
	<u>\$ 2,000</u>
<b>Valley Care Network</b>	
MN3-HO-60050-9912	
Operating Subsidy	\$ 97,000
	<u>\$ 97,000</u>
	<u><b>\$ 189,000</b></u>
<b>General Fund Subsidy (LAC+USC Healthcare Network)</b>	
AO1-AC-21224-6100	
Operating Transfers Out	\$ 65,000
<b>General Fund Subsidy (Southwest Network)</b>	
AO1-AC-21228-6100	
Operating Transfers Out	2,000
<b>General Fund Subsidy (Valley Care Network)</b>	
AO1-AC-21232-6100	
Operating Transfers Out	97,000
<b>Total General Funds</b>	<u><b>\$ 164,000</b></u>
<b>Total Department</b>	<u><b>\$ 353,000</b></u>
<b>Office of Managed Care</b>	
AO1-HP-19975-942A	
CHP Medi-Cal (IHSS) Revenue	\$13,000
<b>General Fund Subsidy (Coastal Network)</b>	
AO1-AC-21226-6100	
Operating Transfers Out	25,000
	<u><b>\$ 38,000</b></u>
	<u><b>\$ 227,000</b></u>

Noted & Approved:

 for EM

Efrain Munoz, Chief, Contoller's Division  
 Department of Health Services

DEPARTMENT OF PUBLIC SOCIAL SERVICES  
IHSS HEALTH BENEFITS PROGRAM  
FISCAL YEAR 2005-06

4-VOTE

SOURCES:

USES:

A01-SS-26410-2000

IHSS-Services and Supplies

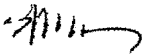
\$ 126,000

Total Department

\$ -

\$ 126,000

Noted & Approved:



Edgar Obra, Director, Budget Policy Section  
Department of Public Social Services

## COUNTY OF LOS ANGELES

## REQUEST FOR APPROPRIATION ADJUSTMENT

DEPT'S. No. \_\_\_\_\_

DEPARTMENT OF Health ServicesDATE 08/24/2006

AUDITOR CONTROLLER.

THE FOLLOWING APPROPRIATION ADJUSTMENT IS DEEMED NECESSARY BY THIS DEPARTMENT. WILL YOU PLEASE REPORT AS TO ACCOUNTING AND AVAILABLE BALANCES AND FORWARD TO THE CHIEF ADMINISTRATIVE OFFICER FOR HIS RECOMMENDATION OR ACTION.

## ADJUSTMENT REQUESTED AND REASONS THEREFOR

BUDGET ADJUSTMENT  
FISCAL YEAR 2005-06  
4-VOTE

Please see the attached for details.

## JUSTIFICATION:

This budget adjustment is necessary to realign the available funding for the Measure B Special Revenue Fund and the Health Services Proposition 36 Special Revenue Fund in accordance with the FY 2005-06 final experience.

EM:mm  
08//24/06

*MPAA for EM*

Efrain Muñoz, Chief  
DHS-Controller's Division

## CHIEF ADMINISTRATIVE OFFICER'S REPORT

REFERRED TO THE CHIEF  
ADMINISTRATIVE OFFICER  
FOR:

☐ ACTION☒ RECOMMENDATIONAPPROVED AS REQUESTED ☒ AS REVISED ☐9/14/06

*D. Jensen*  
CHIEF ADMINISTRATIVE OFFICER

APPROVED (AS REVISED):  
BOARD OF SUPERVISORS

AUDITOR-CONTROLLER No.

BY:

*C. Jensen*Sept. 14, 2006902 J-K

BY:

DEPUTY COUNTY CLERK

SEND 6 COPIES TO THE AUDITOR-CONTROLLER

**DEPARTMENT OF HEALTH SERVICES**  
**MEASURE B AND PROPOSITION 36 BUDGET ADJUSTMENT**  
**FISCAL YEAR 2005-06**

**4-VOTE**

**SOURCES:**

**Measure B - Harbor/UCLA Medical Center**

BW9-HS-41012-6100  
Operating Transfers Out \$ 1,213,000

**Measure B - Olive View Medical Center**

BW9-HS-41013-6100  
Operating Transfers Out 3,503,000

**Measure B - LAC+USC Medical Center**

BW9-HS-41014-6100  
Operating Transfers Out 5,878,000

**Measure B**

BW9-HS-41017-2000  
Services & Supplies 2,000

**Total** \$ 10,596,000

**USES:**

**Measure B - King/Drew Medical Center**

BW9-HS-41015-6100  
Operating Transfers Out \$ 10,596,000

\$ 10,596,000

**HS-A&D Prop 36-Substance Abuse Treatment Fund**

BT4-HS-41125-8605  
Interest Revenue \$ 303,000

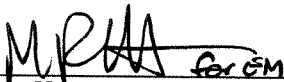
**Total** \$ 303,000

**HS-A&D Prop 36-Substance Abuse Treatment Fund**

BT4-HS-41125-6100  
Operating Transfers Out \$ 303,000

\$ 303,000

**Noted & Approved:**



\_\_\_\_\_  
Efrain Munoz, Chief, Controller's Division  
Department of Health Services

8/24/2006

**DEPARTMENT OF HEALTH SERVICES**  
**SUMMARY EXPLANATION OF BUDGETARY VARIANCES**  
**FISCAL YEAR 2005-06**  
(\$ In Millions)

Sources	FY 2005-06	
<b>Deficit from Operations:</b>		
- Current Fiscal Year	\$ (1.8)	
- Prior Fiscal Years	(4.0)	
Subtotal	<u>\$ (5.8)</u>	
<b>Extraordinary Expenditure Variances:</b>		
- Hiring Delays	\$ 23.0	(A)
- Employee Benefits	12.2	(B)
- Clinical Resources Management	18.6	(C)
- Other Charges	14.9	(D)
- Fixed Asset Surplus	1.1	
- Capital Projects	2.1	
Subtotal	<u>\$ 71.9</u>	
<b>Extraordinary Funding Variances:</b>		
- Medi-Cal Redesign	\$ 104.9	(E)
- CBRC	73.8	(F)
- Vehicle License Fees	5.2	(G)
- Sales Tax	0.5	(G)
Subtotal	<u>\$ 184.4</u>	
<b>Total Fiscal Year 2005-06</b>	<u>\$ 250.5</u>	
<b>Other:</b>		
- Designation Balance from Prior Fiscal Years	<u>\$ 8.4</u>	
<b>June 30, 2006 Designation Balance</b>	<u><u>\$ 258.9</u></u>	

**Notes:**

- (A) Surplus reflects position vacancies due to difficulties in hiring, including difficulty in meeting the nursing staffing ratios required under AB 394.
- (B) Surplus primarily due to less than anticipated workers compensation costs per final actuals.
- (C) Surplus primarily due to program implementation delays based on the unavailability of necessary technology solutions.
- (D) Surplus primarily due to less than anticipated debt service costs experienced due to Tobacco Securitization.
- (E) Reflects the additional benefit, beyond budgeted and altered/replaced previous Medi-Cal revenue programs, that DHS expects to receive under the State's Medi-Cal Redesign in FY 05-06 per estimates developed in August 2006.
- (F) Surplus in prior year CBRC revenue per the preliminary audit results from FY 02-03 received at the audit exit conferences, as compiled on July 25, 2006 and extended through FY 04-05.
- (G) Per final actuals provided by CAO.